

AGENDA

PRIVATE PRE-MEETING WITH EXTERNAL AND INTERNAL AUDITORS (NON EXECUTIVE BOARD MEMBERS AND AUDITORS ONLY)

A private pre-meeting with auditors and non-executive Board members will be held on Thursday 21 November 2019 at 1.30pm within the Carnegie Conference Centre, Dunfermline.

| No | Item | Action | Lead | Pages |
|----|-----------------------------------|---------|------|-------|
| 1 | External / Internal Audit Process | Discuss | SM | 2-2 |

AUDIT AND RISK COMMITTEE

A meeting of the Audit and Risk Committee will be held on Thursday 21 November 2019 at 2.00pm in the Carnegie Conference Centre, Dunfermline

| No | Item | Action | Lead | Pages |
|----|--|---------|------|-------|
| 1 | Welcome, Apologies and Declarations of Interests | Note | SM | N/A |
| 2 | Minutes of the Previous Meeting: 12 September 2019 | Approve | SM | 3-5 |
| 3 | Matters Arising / Actions Outstanding | Note | SM | 6-6 |
| 4 | Internal Audit: | | | |
| | 4.1 Update on Internal Audit Actions: Exception Report | Note | IA | 7-12 |
| | 4.2 Review of Credits Return 2018-19 | Note | IA | 13-25 |
| | 4.3 Student Funds 2018-19 | Note | IA | 26-27 |
| | 4.4 Staff Performance Management | Note | IA | 28-37 |
| 5 | Draft Audit Committee Annual Report to the Board of Governors | Approve | SD | 38-52 |
| 6 | Strategic Risk Register 2019-20 | Note | SD | 53-58 |
| 7 | Date of Next Meeting Thursday 12 March 2020 at 3.30pm Boardroom, Dunfermline | Note | SM | N/A |

BOARD OF GOVERNORS OF FIFE COLLEGE**Audit and Risk Committee: Private Pre-Meeting with External and Internal Auditors****External / Internal Audit Process****1 Introduction**

It is considered good practice for Audit Committees to meet auditors (in particular External Auditors) in a private session without management present. The purpose of this is to allow the Committee to ask questions on matters that might not have been specifically addressed as part of the audit.

This arrangement does not remove or replace the right of the auditors to request a private meeting with the Audit and Risk Committee at any time should concerns arise that they wish to raise.

2 Extract from “Audit Committees – a Framework for Assessment”

The purpose of the meeting is to:

- “Enquire whether any members of executive management are frustrating audit enquiries
- Identify and understand differences of opinion between management and the external auditor, facilitating their resolution and monitoring implementation of the agreed solution
- Enquire whether there are aspects of management’s attitude towards control and financial governance which could be improved
- Consider any request by the external auditor to resign
- Discuss feedback on the external auditors’ overall performance.”

3 Some Potential Areas for Discussion

- Attitudes – management’s attitude towards financial reporting, internal controls and the auditor
- Resources – the adequacy of people and other resources in the financial management area and the internal audit function
- Relationships – the nature of the relationship between the auditors and management
- Other Issues – other issues of concern to the Audit Committee or the Auditor

4 Recommendations

- Members of the Committee are invited to discuss any issues not specifically addressed as part of the audit.
- The Chair is invited to feedback the outcome of any discussions, in particular action points and recommendations, to the Principal.



Unapproved Circulated

MINUTES

Minutes of the Audit and Risk Committee meeting held on Thursday 12 September 2019 at 3.30pm in the Carnegie Conference Centre, Dunfermline.

Present: Susan Mitchell (Chair), Bob Black

Apologies: Tony Martin, Bryan Poole

In Attendance: Hugh Hall (Principal), Marianne Philp, David Eardley (Scott Moncrieff), Rachel Wynne (Ernst & Young)

1 Welcome

The Chair welcomed those present to the meeting. Members were advised that Ross Taylor had stepped down from the Board and from this Committee.

It was noted that a quorum had not been reached, therefore any decisions taken would require to be homologated as indicated in the minutes under the relevant items.

2 Minutes of the Previous Meeting: 6 June 2019

The minutes of the previous meeting were approved as an accurate record.

3 Matters Arising / Actions Outstanding

The contents of the paper that had been circulated were noted.

Item 1: It was agreed to change the deadline for completion to 31 October 2019. All members were requested to adhere to this deadline.

Item 4: It was noted that the shared vision document had been circulated as agreed. It was confirmed that this continued to be refined in light of the recent funding decision and to take account of other changes. A brief update was given on the interim support being provided to Woodmill High School as a result of the fire, and the impact this would have on developing the vision and moving forward the new campus project.

There was also a discussion about College provision in the East Neuk of Fife. The Principal confirmed that provision is mainly at Bell Baxter High School a mini prospectus was available for areas such as this and Levenmouth.

Item 8: Members expressed a view that the work on assurance mapping should continue. They accepted the timescale of March 2020 for a substantive update to the Committee (due to annual accounts sign off in November 2019) and suggested that they receive the information gathered from Managers by email around the time the November papers are set out to give reassurance of progress.



Decision: To circulate the information gathered from Managers by email to Committee members for information.

Responsibility: Chief Financial Officer

Deadline: 21 November 2019

4 Internal Audit

4.1 Update on Internal Audit Actions: exception report

The contents of the paper that had been circulated were noted. It was highlighted that a total of 30 recommendations had been made over the past year, with only 8 of these falling due. Of these, 6 were complete and 2 were partially complete. The internal auditors confirmed that they were comfortable with the position.

4.2 Internal Audit Annual Report

The contents of the report that had been circulated were noted. Attention was drawn to page 20 of the Boardpack where the overall opinion indicated that reasonable assurance could be given that there were no major weaknesses in the whole system of internal control.

5 Health and Safety Compliance Audit

The contents of the paper that had been circulated were noted. It was noted that this report would primarily fall under the remit of the Health and Safety and Human Resources Committee. It was suggested that, once the assurance mapping exercise was further developed, there may be no need for reports to be circulated to this Audit and Risk Committee as the assurances would be given within that paperwork. It was noted that the recommendations would be converted into an action plan and taken forward as appropriate.

6 Response to Letter from External Auditor

The contents of the paper that had been circulated were noted. The draft letter was approved by members.

Decision: To sign the letter and send to the external auditor.

Responsibility: Chair

Deadline: 19 September 2019

7 2017-18 Institutional Effectiveness Return

The contents of the paper that had been circulated were noted. Committee members were pleased to note the efficiencies identified achieved in excess of 7%, which was well above the 3% target set by Scottish Ministers.

8 Strategic Risk Register 2019-20

The contents of the paper that had been circulated were noted. The changes as outlined in the paper were approved. Committee members suggested that risks dropping below a certain



level should drop off the strategic risk register when they had been reported once, for example risk 6.

Decision: To recommend approval of the Risk Register 2019-20 to the Board of Governors.

Responsibility: Chief Financial Officer

Deadline: 23 October 2019

9 Annual Update Reports

9.1 Whistleblowing

9.2 Fraud Prevention Policy and Response Plan: Register of Losses

It was noted that there were nil returns for both reports for 2018-19.

10 Self-Evaluation 2018-19: Feedback

The contents of the paper that had been circulated were noted. It was noted that some comments made were no longer relevant.

Decision: To circulate Audit Scotland Technical updates and any relevant publications or updates via links/email to Committee members.

Responsibility: Director: Governance and Compliance

Deadline: 21 November 2019

11 Date of Next Meeting

Thursday 21 November 2019 at 1.30pm within the Carnegie Conference Centre, Dunfermline



Board of Governors: Audit and Risk Committee

Actions Outstanding / Progress Made

Key:

| | |
|---|---------------------------------|
|  | Outstanding and deadline passed |
|  | Progressing and on target |
|  | Complete |

| | Date of Meeting | Action | Responsibility | Deadline | Status | Comments |
|---|-----------------|--|-----------------------|----------|---|--|
| 1 | 07.06.18 | All Audit and Risk Committee members to undertake the Audit Committee online training modules offered by the College Development Network and advise the Director: Governance and Compliance once complete. | All Committee Members | 31.10.19 |  | 1 member outstanding. |
| 2 | 06.06.19 | To send the dates of the NED Forum/Seminars to the Director: Governance and Compliance for circulating to the Committee members. | Internal Auditors | 30.06.20 |  | The NED Forum events planned for Sept/Oct 2019 did not go ahead. These will be arranged in due course and information will be circulated once available. |
| 3 | 06.06.19 | To receive an update on assurance mapping at the next meeting. | S Dunsmuir | 12.03.20 |  | A comprehensive update given at the March 2020 meeting. |
| 4 | 12.09.19 | To circulate the information gathered from Managers on assurance mapping from Managers by email to Committee members for information around the time that the next Audit and Risk Committee meeting papers are circulated. | S Dunsmuir | 21.11.19 |  | Complete. Circulated by email |
| 5 | 12.09.19 | To issue the response to the external auditor. | S Mitchell | 19.09.19 |  | Complete |
| 6 | 12.09.19 | To recommend the approval of the Risk Register 2019-20 to the Board of Governors. | S Dunsmuir | 23.10.19 |  | Complete |
| 7 | 12.09.19 | To circulate Audit Scotland Technical updates and any relevant publications or updates via links/emails to all Committee members. | M Philp | 21.11.19 |  | Complete and ongoing |



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

| | |
|--|---|
| Update on Internal Audit Actions: Exceptions Report | |
| Date of Meeting: | Thursday 21 November 2019 |
| Purpose: | This paper provides a progress update on the Internal Audit actions that had an agreed completion date on or before 31 October 2019, as well as any actions that are still in progress beyond their original completion date. |
| Intended Outcome: | Audit and Risk Committee Members are invited to note progress made with the Internal Audit actions. |
| Paper Submitted by: | Scott-Moncrieff |
| Prior Committee Approvals: | N/A |
| Financial Implications: | N/A |
| Equality and Diversity Implications: | N/A |
| Risks Assessed: | N/A |
| Publicly Available: | No |
| Author Contact Details: | Nicola MacKenzie (nicola.mackenzie@scott-moncrieff.com) 0131 473 3500 |
| Date of Production: | 8 November 2019 |



Follow up – 2019/20 Q1

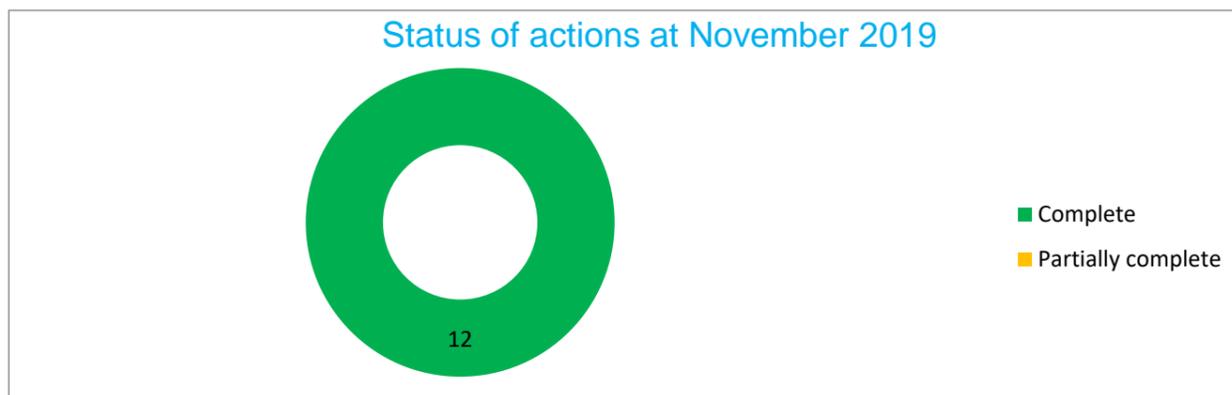
In accordance with the 2019/20 internal audit plan, we have carried out a follow up review at Fife College to provide management and the Audit & Risk Committee with assurance that internal audit actions agreed during the current and previous financial year(s) have been implemented satisfactorily.

This report summarises the progress made by the College’s management in implementing the agreed actions within quarter one of 2019/20. We have reviewed the written updates for all actions and obtained evidence to confirm closure of the higher risk actions (grade 3 or 4).

Progress during Q1

No new actions have been added to the tracker within the last quarter. The College has 23 outstanding actions in total, of which 11 are not yet due for implementation. Of the remaining 12 open actions, we obtained sufficient evidence to confirm completion of all actions.

The charts below set out our assessment of the status of the 12 open actions included in the tracker:



We have outlined the status of the 12 actions due for implementation at the end of quarter 1 (31 October 2019) in the table below. Appendix 2 shows the status of all 23 outstanding actions.

| Report title | C | CPV | PC | I | Total |
|---|-----------|----------|----------|----------|-----------|
| 2016/17 | | | | | |
| Staff Development and Succession Planning | 2 | - | - | - | 2 |
| TOTAL – 2016/17 | 2 | - | - | - | 2 |
| 2017/18 | | | | | |
| Employer Links and Work Based Learning | 1 | - | - | - | 1 |
| Health & Safety – Student and Staff Wellbeing | 1 | - | - | - | 1 |
| Workforce Planning | 1 | - | - | - | 1 |
| TOTAL – 2017/18 | 3 | - | - | - | 3 |
| 2018/19 | | | | | |
| Non-SFC Income | 3 | - | - | - | 3 |
| Strategy for School Course Provision | 1 | - | - | - | 1 |
| Scottish Prison Service Contract | 3 | - | - | - | 3 |
| TOTAL – 2018/19 | 7 | - | - | - | 7 |
| TOTAL | 12 | - | - | - | 12 |

Key:

| | | | | |
|---------------|-----------------------------------|-------------------------|----------------|-------------------|
| C - Completed | CPV –Completed Pending Validation | PC - Partially Complete | I - Incomplete | NYD - Not Yet Due |
|---------------|-----------------------------------|-------------------------|----------------|-------------------|

Appendix 1 – quarterly follow up tracker – November 2019

| No. | Period | Audit | Action | Recommendation | Grade | Fife College implementation Status | Scott-Moncrieff implementation status | Original due date | Revised due date | Action Owner | Fife College Update |
|-----|---------|---|--------|---|-------|------------------------------------|---------------------------------------|-------------------|------------------|-----------------|--|
| 1 | 2016-17 | Staff Development and Succession Planning | R2 | <p>We recommend that the College:</p> <p>(1)identifies roles below senior management level that should be considered critical; (2)defines and communicates their level of risk appetite in relation to role criticality; and (3)consider whether a weighted score should be applied to ensure that the overall criticality score calculation reflects the importance of each factor as accurately as possible.</p> <p>We have presented an outline OD and CPD delivery structure, at Appendix V, which illustrates how the policies and procedures currently in development and the processes recommended within this report can be introduced and how they relate to the current structures and processes in place at the College.</p> | 3 | Complete | Complete | 01/04/2018 | 31/10/2019 | Karen Stenhouse | <p>The new roles implemented within the academic structure clearly identify the succession planning routes. These will be supported by the career pathways and leadership framework being developed.</p> <p>Alongside this, discussions have commenced with Directors of Faculty around performance management and planning to ensure continuity of key roles. Two posts have been identified as potential requiring consideration under the succession planning procedure. Further discussions will take place in October to complete the process and the necessary paperwork for faculties.</p> <p>OD and HR have identified two potential roles under the procedure as a pilot. The completed succession planning assessment forms for these two roles are attached.</p> <p>The latest version of the Succession Planning Policy and Procedure is attached along with a copy of the Career Development and Leadership Framework which is currently being developed to support this policy.</p> |
| 2 | 2016-17 | Staff Development and Succession Planning | R3 | <p>We recommend that, after the succession planning and workforce management framework is developed and authorised by the College leadership, the College undertakes work to develop succession plans for the critical roles identified.</p> | 2 | Complete | Complete | 01/05/2018 | 31/10/2019 | Karen Stenhouse | <p>The new roles implemented within the academic structure clearly identify the succession planning routes. These will be supported by the career pathways and leadership framework being developed. Alongside this, discussions have commenced with Directors of Faculty around performance management and planning to ensure continuity of key roles. Two posts have been identified as potential requiring consideration under the succession planning procedure. Further discussions will take place in October to complete the process and the necessary paperwork for faculties.</p> <p>OD and HR have identified two potential roles under the procedure as a pilot. The completed succession planning assessment forms for these two roles are attached (under action R2).</p> <p>The latest version of the Succession Planning Policy and Procedure is attached (under action R2) along with a copy of the Career Development and Leadership Framework which is currently being developed to support this policy.</p> <p>Complete</p> |
| 3 | 2017-18 | Employer Links and Work Based Learning | R3 | <p>We recommend that the College regularly assesses the effectiveness of its engagement processes. To facilitate this, the College should consider seeking feedback from employers on the engagement methods adopted via surveys. Feedback received should be analysed and reported,</p> | 3 | Complete | Complete | 30/06/2019 | 30/09/2019 | Jan Thomson | <p>Employer Engagement Survey issued in April and Analysis completed in June 2019. Attached is the action plan which was compiled as a result.</p> |

| | | | | | | | | | | | |
|---|---------|---|---|---|---|----------|----------|------------|------------|-----------------------|---|
| | | | | to identify any areas for improvement. | | | | | | | |
| 4 | 2017-18 | Health & Safety – Student and Staff Wellbeing | R1 | We recommend that the College develops a policy statement on wellbeing, for example, describing the importance of good wellbeing to productivity, retention, engagement, and describing the College’s duty of care to create a positive, healthy environment and provide proactive wellbeing support | 3 | Complete | Complete | 31/08/2018 | 31/10/2019 | Martin Kelly | <p>The Healthy Working Lives Strategy and Action Plan is now finalised and a copy attached.</p> <p>There is a meeting arranged for w/c 4 November 2019 with the Fife Healthily Working Lives Co-ordinator to review the College’s application and activities that are being undertaken and planned as part of the Gold Award</p> |
| 5 | 2017-18 | Workforce Planning | R3 | As recommended within our staff development and succession planning review in November 2017, we recommend that the College: 1)identifies roles below senior management level that should be considered critical; 2)defines and communicates their level of risk appetite in relation to role criticality; and 3)consider whether a weighted score should be applied to ensure that the overall criticality score calculation reflects the importance of each factor as accurately as possible. | 3 | Complete | Complete | 31/12/2018 | 31/10/2019 | Karen Stenhouse | <p>The new roles implemented within the academic structure clearly identify the succession planning routes. These will be supported by the career pathways and leadership framework being developed.</p> <p>Alongside this, discussions have commenced with Directors of Faculty around performance management and planning to ensure continuity of key roles. Two posts have been identified as potential requiring consideration under the succession planning procedure. Further discussions will take place in October to complete the process and the necessary paperwork for faculties.</p> <p>OD and HR have identified two potential roles under the procedure as a pilot. The completed succession planning assessment forms for these two roles are attached.</p> <p>The latest version of the Succession Planning Policy and Procedure is attached along with a copy of the Career Development and Leadership Framework which is currently being developed to support this policy.</p> |
| 6 | 2018-19 | Non-SFC Income | 1.1 - Collaborative Planning | There should be clear opportunity and processes for BD and Faculties to share operational plans and document an agreed approach for any collaborative actions. Overarching priorities and individual responsibilities should be identified to ensure these are complementary and mutually understood. | 2 | Complete | Complete | 31/10/2019 | 31/10/2019 | Wendy Crighton Brymer | <p>The Operational Planning guidance has been updated to reference the need for Directors to ensure that cross cutting objectives are identified and jointly monitored by all relevant departments. Staff have also been reminded of this during their Operational Planning Review meetings which are taking place throughout May.</p> |
| 7 | 2018-19 | Non-SFC Income | 2.1 - Teaching Capacity | The College should develop a policy or set of principles to guide decision making by BD and Faculties where teaching capacity must be found or released in order to deliver commercial courses. These should be clearly communicated to all relevant staff, regularly reviewed and support the proactive management of teaching capacity for commercial courses. | 2 | Complete | Complete | 31/08/2019 | 31/10/2019 | Jan Thomson | <p>Meetings to take place with the Director of Business Development and Faculty Directors in May 2019 to develop clear process and procedures and how we document the agreed plan(s).</p> |
| 8 | 2018-19 | Non-SFC Income | 3.1 - Commercial Performance Monitoring | The College should consider the information already available and develop a brief set of KPIs for commercial income generation performance monitoring. These should incorporate all key | 2 | Complete | Complete | 01/10/2019 | 01/10/2019 | Jan Thomson | <p>Sales plans are in place for each Faculty and monitoring of non SFC Income achievement against target is reviewed on a monthly basis.</p> <p>All commercial programmes and bespoke contracts are costed using the College costing documents and detailing all delivery costs, overhead allocation and net profit/loss position.</p> |

| | | | | | | | | | | | |
|----|---------|--------------------------------------|---|---|---|----------|----------|------------|------------|-----------------|--|
| | | | | aspects of commercial activity, such as profitability, impact on teaching capacity, and progress against sales plans to give a rounded view of performance and impact. | | | | | | | Where staff costs can be directly attributable to an area Finance have set up the accounting system to enable the actual gross margin achieved on significant full cost commercial income targets such as NDT, Venue, and SPS contract to be monitored separately within the management accounts. Gross margin is monitored across all the delivery at a curriculum manager level within each Faculty. |
| 9 | 2018-19 | Strategy for School Course Provision | 3.1 - Collating feedback | The College should develop a formal feedback process to capture and consider appropriate feedback from pupils and schools, with action taken to address any issues identified. | 2 | Complete | Complete | 31/10/2019 | 31/10/2019 | Lynne Ralph | Meetings have now been held with every School; Heads, Deputes and Head of DYW to discuss partnership and the SCP provision (evidence from last SCP Strategic Group Meeting attached). |
| 10 | 2018-19 | Scottish Prison Service Contract | 2.1 - Reporting to Board or Committee | Regular overview reports should be presented to the Board and/or relevant Committee(s), as deemed appropriate, on progress with delivery of the SPS contract and compliance with contractual requirements. | 2 | Complete | Complete | 31/10/2019 | 31/10/2019 | Sue Reekie | Annual review included in the Board of Governors business report which was presented to the board at their meeting on 23 October 2019. Attached is a copy of the business report and an extract of the minutes from this meeting detailing discussion. Complete |
| 11 | 2018-19 | Scottish Prison Service Contract | 2.2 - Implementation of a new management information system | The College should ensure a clear timetable is set for the implementation of the management information system and that any delays are escalated and managed in a timely and appropriate manner. | 1 | Complete | Complete | 30/09/2019 | 30/09/2019 | Katharine Brash | The college has completed their activity. SPS have resourcing issues to enable implementation. Considered complete as the college is compliant with its contractual obligation. Further developments are tracked in quarterly meetings with SPS |
| 12 | 2018-19 | Scottish Prison Service Contract | 3.1 - Contract benefit evaluation and monitoring | The College should clearly assess what the expected benefits are from this contract and identify indicators of success. Performance against these should be monitored and reported on a regular basis, with timely follow up of any issues. | 2 | Complete | Complete | 30/09/2019 | 30/09/2019 | Sue Reekie | Progress reported at October Board of Governors meeting (see evidence provided under action 2.1). PI's are produced for quarterly SPS / College meetings. |

Appendix 2 – progress on all outstanding actions

| Report title | C | CPV | PC | NLA | NYD | Total |
|---|-----------|----------|----------|----------|-----------|-----------|
| 2016/17 | | | | | | |
| Project Management | - | - | - | - | 2 | 2 |
| Business Performance Management | - | - | - | - | 1 | 1 |
| Staff Development and Succession Planning | 2 | - | - | - | - | 2 |
| TOTAL - 2016/17 | 2 | - | - | - | 3 | 5 |
| 2017/18 | | | | | | |
| Data Protection | - | - | - | - | 1 | 1 |
| Employer Links and Work Based Learning | 1 | - | - | - | - | 1 |
| Health & Safety – Student and Staff Wellbeing | 1 | - | - | - | - | 1 |
| Use of Technology | - | - | - | - | 2 | 2 |
| Workforce Planning | 1 | - | - | - | - | 1 |
| TOTAL – 2017/18 | 3 | - | - | - | 3 | 6 |
| 2018/19 | | | | | | |
| Non-SFC Income | 3 | - | - | - | - | 3 |
| Strategy for School Course Provision | 1 | - | - | - | 2 | 3 |
| Scottish Prison Service Contract | 3 | - | - | - | - | 3 |
| Performance Management – Curriculum | - | - | - | - | 3 | 3 |
| TOTAL – 2018/19 | 7 | - | - | - | 5 | 12 |
| TOTAL | 12 | - | - | - | 11 | 23 |

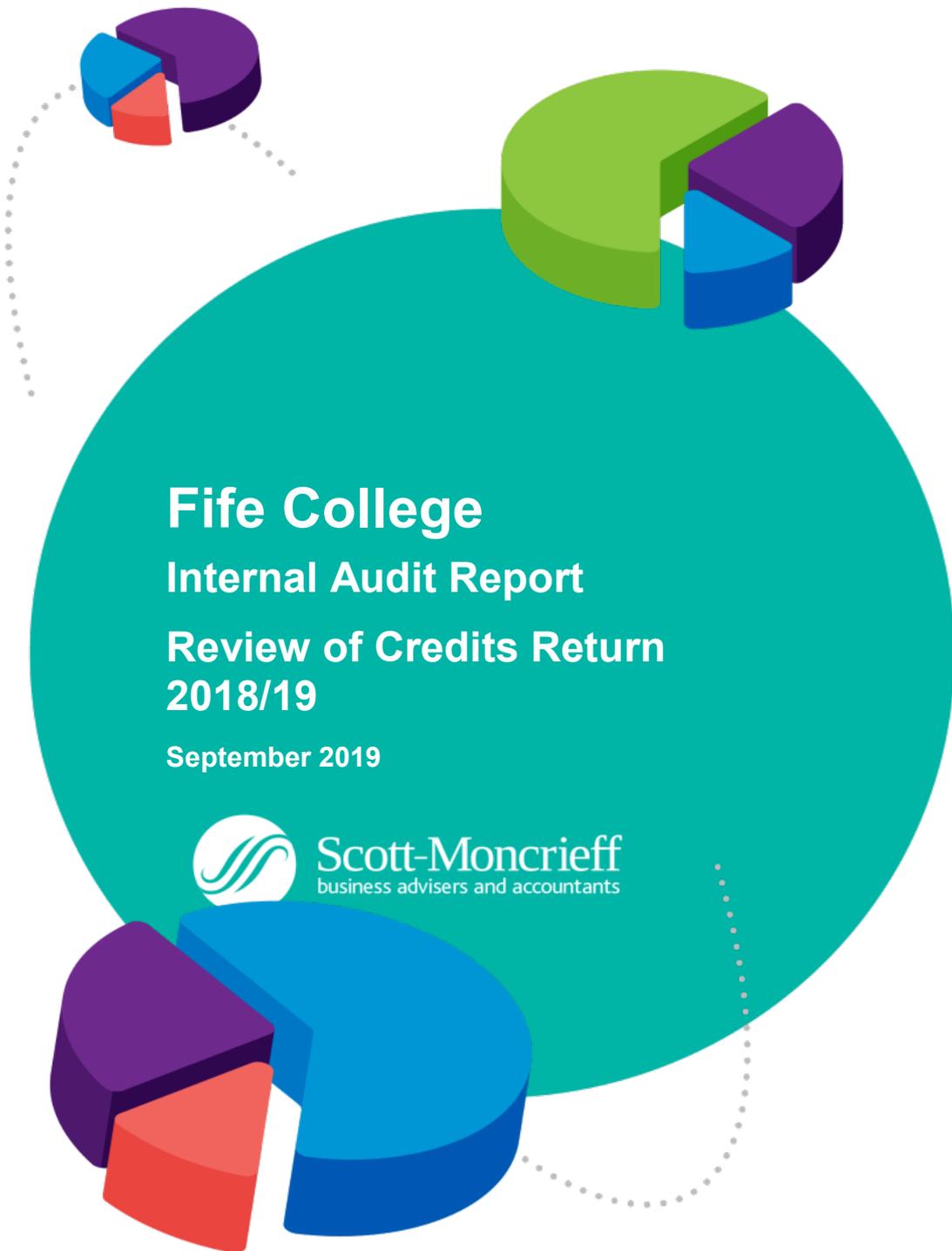
Key:

| | | | | |
|---------------|-----------------------------------|-------------------------|----------------------------|-------------------|
| C - Completed | CPV –Completed Pending Validation | PC - Partially Complete | NLA – No Longer Applicable | NYD - Not Yet Due |
|---------------|-----------------------------------|-------------------------|----------------------------|-------------------|



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

| Internal Audit Reports | |
|---|---|
| Date of Meeting: | Thursday 21 November 2019 |
| Purpose: | These papers set out the findings from the recent Internal Audit reviews carried out by Scott-Moncrieff and the College's responses to the recommendations put forward. |
| Intended Outcome: | Audit and Risk Committee Members are invited to note the findings from the recent Internal Audit reviews and the management responses to the recommendations put forward. |
| Paper Submitted by: | Scott-Moncrieff |
| Prior Committee Approvals: | N/A |
| Financial Implications: | N/A |
| Equality and Diversity Implications: | N/A |
| Risks Assessed: | N/A |
| Publicly Available: | No |
| Author Contact Details: | Nicola MacKenzie (nicola.mackenzie@scott-moncrieff.com) 0131 473 3500 |
| Date of Production: | 8 November 2019 |



Fife College

Internal Audit Report

Review of the 2018/19 Credits Return

| | |
|-------------------|----|
| Executive Summary | 1 |
| Detailed Findings | 3 |
| Recommendations | 8 |
| Adjustments | 9 |
| Annex A | 10 |

Executive Summary

During September 2019 we audited the funding statistics for Fife College (the College). The audit examined the procedures and controls over the preparation of the 2018/19 Credits return, together with audit testing to ensure the accurate calculation of the return. This testing was undertaken in line with (insert ref to SFC's guidance documentation here).

Conclusion

In our opinion, controls over the collection of data and the preparation of the credits returns are generally well designed and effective. Assurance can be gained from the audit testing carried out and the internal checking performed by the College that the credits count for the College has not been materially misstated. A copy of the audit report is included in Annex A of this report.

Under the conditions of the grant, the SFC may claw-back an element of the grant if actual Credits provided are below target. Actual credits claimed for 2018/19 were 133030 against a target of 132685. The difference is 0.27% above target credits.

The credits claimed includes 'one plus' activity amounting to 2,448 credits, or 2.00% of the total volume of credits allocated to the College. This is within the 2.5% threshold set up for 'one plus' activity by the SFC for the period of 2018/19.

Scope

Our audit was carried out in accordance with the Guidance Notes issued by the Scottish Funding Council (SFC), including the '*Data return for funding purposes (FES return) and audit guidance for colleges 2018/19*'.

Approach

Our onsite fieldwork was carried out by an experienced senior auditor, was subject to a detailed quality assurance review by our credits audit management lead, and a further overall review by the audit director.

Our audit approach involved the following:

- Examination of the procedures and controls relevant to the collection and recording of student data;
- Evaluation of the adequacy of these controls in complying with SFC guidance and ensuring the accuracy of the data;
- Testing of the key controls to ensure they were operating satisfactorily;
- Examination, on a test basis, of evidence relevant to the figures recorded in the student data returns;
- Review of the risk areas as highlighted in the audit guidance for 2018/19;
- Analytical review utilising current year and prior year Credits data;
- Further detailed testing where necessary, including checking of the Credits return; and
- Follow up of prior year recommendations.

Sample

Our initial sample was derived by:

- Applying Scott-Moncrieff's approved sampling methodology;

- Considering the materiality of the area under review; and
- Applying professional judgement.

We did not find any errors and therefore it was not necessary for our samples to be extended.

Our sample testing has provided 0.06% coverage of total students (prior year: 0.09%) and 2.07% coverage of programmes (prior year: 1.3%) that the College has claimed Credits for based on our assessment of the risk of material misstatement in the Credits return. This level of coverage is in line with that of our other College credit audits. During the audit, we did not identify any errors that impacted on the Credits calculation; therefore there was no requirement for testing to be extended.

Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

Detailed Findings

Our review centred on testing College data on a sample basis and, where appropriate, consulting with staff and senior management. This was performed to provide assurance that all of the risks set out in Annex D of the audit guidance note referred to above had been satisfactorily addressed and that the fundamentals of compiling Credits data were subject to appropriate controls.

1.1 General Systems Review

The accuracy of the data on which the Credits return is calculated depends on appropriate controls and systems over enrolment and attendance and the timely clearing of errors on the FES report.

Over the course of the audit, we observed that the College has a number of well-designed controls that were operating effectively to ensure credits claimed are accurate and appropriate. We have provided details of the specific controls in place and the testing performed over the controls in the 'key risk areas' section below.

1.2 Follow up

We reviewed the prior year audit report and discussed the progress of implementing the agreed actions with management. The outcome of this analysis was used to inform our audit strategy.

| 2017/18 Audit Finding | 2018/19 Follow up | Recommendation addressed? |
|--|---|---------------------------|
| <p>Withdrawn students</p> <p>We recommend that the College performs spot checks over withdrawn students to ensure that the withdrawal date recorded in the REMS system agrees to the last known attendance date and the withdrawal form retained within the student's file.</p> | <p>We confirmed that the SIM team check all withdrawals before processing them to ensure the last attendance date and the date on the withdrawal form match. Automation of this process will be introduced in due course which should prevent any date mismatches going forward, however in the meantime until such time as this has been implemented, the SIM team will continue to carry out their own checks</p> | <p>Yes</p> |
| <p>Application of maximum thresholds</p> <p>We recommend that the College reviews and updates its procedures for identifying students whose credits have exceeded the maximum in order to detect and correct any over claims of credits in future returns.</p> | <p>We confirmed that checks are in place to monitor multiple enrolments and credits being claimed.</p> | <p>Yes</p> |

Key risk areas

The results of our audit work are summarised below against each of the 12 key risk areas highlighted by SFC in Annex D of the 'Data return for funding purposes (FES return) and audit guidance for colleges 2018/19' document.

Risk Area 1 – Non-fundable activity is included in the Credit count

The fundability of courses is determined through the curriculum planning process. The curriculum plan was drafted by faculty staff, reviewed by the Quality Team and then passed to SIM and input into the REMS system. Any commercial activity is coded differently to the fundable activity to ensure that it is not included within the FES.

The curriculum planning document sets out the duration of the planned course and whether this will span over more than one academic year. Where the course is to span, the end date will be input into the system and these will be excluded from the FES for current year.

We selected a sample of 20 courses identified as fundable by the College and performed our own checks against the SFC guidance to confirm eligibility of the courses selected.

No issues were identified.

Risk Area 2 – Non-fundable students are included in the Credit count

The fundability of students is determined during the application and enrolment processes by the curriculum department. Students who are not fundable are given a different code on the system so that where they are enrolled on a fundable programme the student will not have credits claimed for them.

In testing these procedures, we obtained a listing of students from compiled FES data. We tested a sample of 20 students against the SFC credit eligibility flowchart to ensure fundability had been assessed accurately.

No issues were identified.

Risk Area 3 – Programme is not classified correctly

For curriculum planning for Further Education (FE) and Higher Education (HE) and the assignment of superclass, each faculty use an online Curriculum Planning Tool. This tool has built-in validations throughout the process to ensure only valid data can be entered into the system. Once a course curriculum has been planned, it is reviewed by the CFO. Once approved by CFO, the Quality Team does a further review to ensure the qualification levels etc. are correct and course meets SFC guidelines. Course Curriculum then goes to REMS team for final checks on validity of curriculum items before final approval. Throughout this process, there are several checks on the categorisations that make up course curriculum.

In our sample of 20 courses we confirmed that course classifications on the FES return had correctly classified based on the course characteristics.

No issues were identified.

Risk Area 4 – Infill Student is counted as part of the programme which is being in-filled, rather than their individually tailored course or is included as part of both courses

Students who are on an infill course will fill in an SR1 form indicating that they are an infill student. This form is submitted with the enrolment form.

When infill courses are set up in the REMS system they are noted with the letter I after the location code in the course code. The course will also have infill in the title of the course to indicate that the course is the infill course and not the regular course.

We tested a sample of three students, which included a representative proportion of students on infill courses. We verified that infill students were allocated to the correct programme and not double counted for the purpose of the credits return.

No issues were identified.

Risk Area 5 – Incorrect Dominant Price Group Code is allocated to programme

Each class is assigned a superclass group and a related Dominant Programme Group (DPG). This is assigned by the Curriculum Manager as part of development of the curriculum plan.

We tested a sample of 20 courses for the correct allocation of superclass and dominant programme group and confirmed that these were accurate.

No issues were identified.

Risk Area 6 – Students included in the return do not meet attendance criteria

The start and end date of courses is set out in the curriculum planning document by academic staff, which is then input into the REMS system by SIM staff. For a standard full time course starting in the summer term, the required date is 1 of November. For all other courses the staff calculate the required date (being 25% of the total course calendar days between the course start and end date).

During the testing, it was observed that the required dates were incorrect in the FES 1 report for non-full time students. The issue was escalated internally to the CFO and to the IT Team, reported to Civica (the software supplier) and the issue was also reported to SFC. It was determined that the College student recording system, REMS, had correct data for the Required Date but in the data export and conversion to FES 1, the Required Date was not being calculated correctly. The issue has been resolved and we carried out our testing in full using the corrected FES 1 with no further errors identified.

When students withdraw, SIM staff are notified by academic staff using the proforma withdrawal form. This occurs where the student has indicated they wish to withdraw from their course or where they have not attended for several weeks. The SIM team have input this information into the REMS system and uses the last known attendance date as the date of withdrawal. The student is sent a letter confirming their withdrawal from the course.

We tested a sample of 15 students to confirm that the required date was in line with SFC guidance and that credits were only claimed for those who had participated in the programme after the required date.

No issues were identified.

Risk Area 7 – Incorrect Credit value is claimed for the programme of study

The credit value claimed for programmes of study is based upon the College's enrolment records and the programme's credit value, which is determined by curriculum staff as part of the curriculum planning process.

We reviewed the calculation of the credits value for a sample of 20 courses with reference to module information published by the SQA for certificated modules and SFC guidance for the calculation of credit values based on teaching hours.

No issues were identified.

Risk Area 8 – The college Credits claim for an individual student exceeds the maximum claim allowed for a student per year

The College monitors the 'one plus' activity throughout the academic year against the threshold set by the SFC to ensure that it will not exceed this threshold. The college keeps a record of courses where the credits delivered are in excess of the maximum and individuals who have exceeded the maximum due to multiple enrolments.

Due to the technical nature of the calculations, the SFC provide the one-plus calculations to the College. Excluding courses which are classified as exempt by the SFC or for which exemption forms have been submitted by the College, 'one-plus' activity is 2.00% of the credits target for the 2018/19 academic year.

Our analysis confirmed that the college was not close to breaching the 2.5% threshold for additional credits when considering all 'one plus' activity.

No issues were identified.

Risk Area 9 – College records fee waivers which are not covered by the standard fee waiver policy

The College determines eligibility for fee waivers as part of the enrolment process. The majority of fee waivers are applied for online and verified at the point of enrolment by College staff.

Our sample of 20 students included a representative proportion of students in receipt of fee waivers. For these students we reviewed the eligibility assessment in line with SFC guidance.

No issues were identified.

Risk Area 10 – Students who enrol on an open/ distance learning programme do not continue with the programme

The College delivers a relatively small proportion of its overall credits target through open and distance learning. Those programmes that were in place for the 2018/19 consisted primarily of "open" learning that requires some element of attendance, which is monitored through the College's normal attendance monitoring processes.

Setting of milestones and the review of progress are determined on a case by case basis for distance learning programmes.

Our sample of 3 students included students enrolled on open/distance learning courses. For each, we were able to obtain satisfactory evidence that the student was achieving the learning objectives and attendance records were being updated where it had been expected.

No issues were identified.

Risk Area 11 – Students who undertake non-accredited work experience/placement

The College determines duration of any work experience element as part of the curriculum planning process for each course. Where a course involves an element of non-accredited work experience or placement, the College determines the duration and credit value of this activity as part of the curriculum planning process, based upon the required hours of attendance.

Attendance at work experience or on placement is monitored in a number of ways depending on the nature of the placement, and the placement provider. Usually the student will carry an attendance sheet which is signed by the placement provider and the attendance sheet is given to the lecturer to update the attendance system.

We reviewed the evidence available for a sample of students undertaking non-accredited work experience or placements.

No issues were identified.

Risk Area 12 – Incorrect Credit value is claimed for Collaborative Provision

Where courses are delivered in collaboration with another institution, the College agrees the funding position at the outset of the arrangement and ensures sufficient arrangements are in place to adhere to the SFC guidance, including that courses are subject to the College's quality assurance processes.

For a sample of collaborative courses, we confirmed that the SFC requirements had been adhered to.

No issues were identified.

Recommendations

All actions have been given a risk rating as follows:

| | |
|---|--|
| 4 | <ul style="list-style-type: none">•Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation. |
| 3 | <ul style="list-style-type: none">•High risk exposure - absence / failure of key controls that create significant risks within the organisation. |
| 2 | <ul style="list-style-type: none">•Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation. |
| 1 | <ul style="list-style-type: none">•Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general |

Adjustments

We have not identified any issues which require adjustments to the College's credits claim.

Annex A

Audit Report

Auditor's report to the members of the Board of Management of Fife College

We have audited the FES return which has been prepared by Fife College under the 'Credits' Guidance issued 02 July 2018 and which has been confirmed as being free from material misstatement by the college's Principal in his/her Certificate dated 2 October 2019. We conducted our audit in accordance with guidance contained in the 2018-19 audit guidance for colleges. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination, on a test basis, of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatement.

In our opinion:

- The student data returns have been compiled in accordance with all relevant guidance.
- Adequate procedures are in place to ensure the accurate collection and recording of the data.
- On the basis of our testing [subject to the exceptions given below] we can provide reasonable assurance that the FES return contains no material misstatement.

Signature

Date

Name of audit firm

Contact name

Contact telephone number

Date FES returned



Audit work and conclusions

During September 2019 we audited the student funding returns for Fife College. The audit examined the procedures and controls over the preparation of the 2018/19 Student Funding, HE Discretionary and EMA returns, together with audit testing to ensure the accurate calculation of the returns. This testing was undertaken in line with the SFC's 'Student Support Fund Audit Guidance 2018-19' and 'Education Maintenance Allowance (EMA) audit guidance 2018-19' published 30 May 2019; as well as SAAS' 'Higher Education Discretionary Funds Guidance 2018-19' published on 14 May 2018.

The SFC has set no requirement to provide a detailed report in respect of this work, however we report any findings identified within the audits to management. There are no management action points arising from the 2018/19 student funding work. We have reported to the SFC and SAAS that the information set out in the claim forms agreed to the underlying records, and that in our opinion funds had been disbursed in accordance with SFC and SAAS conditions. The audit certificates submitted to the SFC and SAAS can be found appended to this document.

Our onsite fieldwork was carried out by an experienced senior auditor, was subject to a detailed quality assurance review by our credits audit management lead, and a further overall review by the audit director. Our audit approach included the following:

- Examination of the procedures and controls relevant to the collection and recording of student data;
- Evaluation of the adequacy of these controls in complying with SFC and SAAS guidance and ensuring the accuracy of the data;
- Testing of the key controls to ensure they were operating satisfactorily;
- Examination, on a test basis, of evidence relevant to the figures recorded in the claim forms;
- Further detailed testing where necessary, including checking of the claim forms; and
- Follow up of prior year recommendations.

We have confirmed the three recommendations raised in our prior year audit have been adequately addressed. These related to:

- Secondary checking over student bank details;
- Independent spot checking of EMA data in line with SFC directions; and
- Sufficient checking of administrative expenditure, in line with SFC policy.

All required submissions have been made to the relevant funding bodies. We have nothing further to report to the College in relation to our 2018/19 work in this area.



Fife College
Internal Audit Report 2019/20
Staff Performance
Management

October 2019



Scott-Moncrieff
business advisers and accountants

Fife College

Internal Audit Report 2019/20

Staff Performance Management

| | |
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| <i>Audit Sponsor</i> | <i>Key Contacts</i> | <i>Audit team</i> |
|--|---|--|
| <i>Sue Reekie, Chief Operating Officer</i> | <i>Zelda Franklin-Hills, Director: Organisational Development and Human Resources</i> | <i>David Eardley, Chief Audit Executive Nicola MacKenzie, Audit Manager Colin McNeil, Internal Auditor</i> |

Executive Summary

Conclusion

There is a staff performance management framework in place which requires staff to set objectives aligned to the delivery of department and College priorities. Training needs are monitored, documented and addressed in a timely manner and the College has clearly documented its approach to absence management.

We have identified three areas which, if addressed, would further strengthen the staff performance management framework. These relate to ensuring procedures are clearly documented and communicated to staff, addressing low PDR completion rates and compliance with absence management procedures.

Background and scope

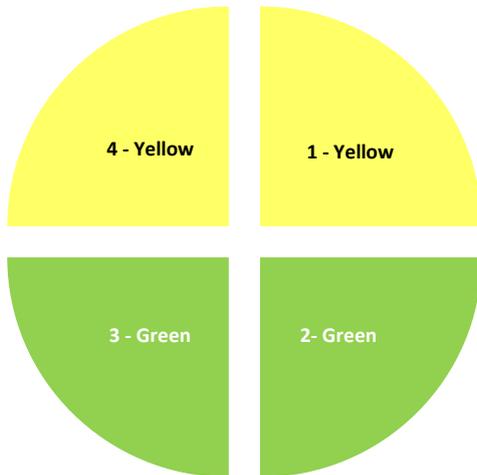
Fife College's 2017/18 financial statements report staff costs of £36.5 million (70% of overall expenditure), with a headcount of 1,006 employees.

The College relies heavily on its staff to deliver a high-quality service to students and support the achievement of strategic objectives. Given the increasing expectation on the public sector to deliver more with fewer resources, the College must manage staff performance through regular monitoring and take timely action to promote good practices and address any concerns as they emerge.

We have considered the processes for staff performance management, training and development, and absence management.

Control assessment

- 1. There is a formal staff performance management framework in place that is aligned to the delivery of strategic objectives.

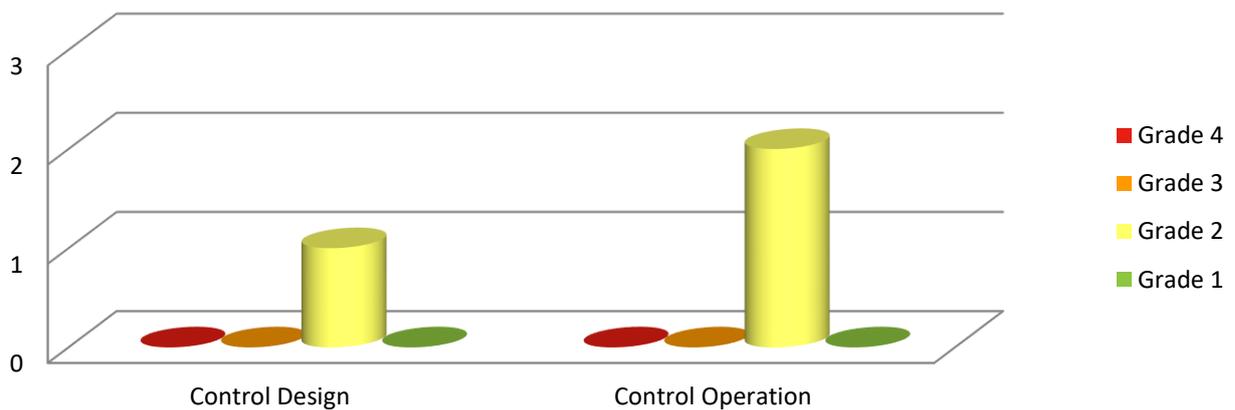


- 2. Training needs are monitored, documented and addressed in a timely and structured manner to ensure staff have the required skills to perform effectively in their role.

- 3. The staff performance management process supports the setting of goals that align with individuals' development needs as well as the organisation's overarching objectives.

- 4. The College has clearly documented its approach to absence management and appropriate processes are in place to monitor and manage this.

Improvement actions by type and priority



Three improvement actions have been identified from this review, two relating to compliance with existing procedures and one to the design of controls themselves. See Appendix A for definitions of colour coding.

Key findings

Good practice

We have gained assurance that the College's procedures reflect good practice in a number of areas, including:

- There is a staff performance management framework in place that is aligned to the delivery of department and College objectives. Template forms are in place and subject to regular review.
- Training needs can be raised through the professional development review process and there is a robust process to ensure these are documented and escalated in a timely manner. Each Faculty develops a Career-Long Professional Learning plan to ensure staff are equipped with the required skills to perform effectively in their role.
- Staff are required to set clear objectives that take cognisance of development needs, the department objectives, the College's Operational Plan and the Outcome Agreement.

Areas for improvement

We have identified the following areas for improvement which, if addressed, would strengthen the College's control framework. These include:

- Ensuring the PDR process is clearly defined, documented and communicated to all staff in advance of the 2019/20 cycle;
- Taking appropriate action to address low PDR completion rates;
- Ensuring return to work meetings are held and documented in line with current procedures. We reviewed a sample of 11 employees who returned from absence in 2018/19 and in 7 cases we could not obtain evidence that a return to work meeting had been held.

These issues are further discussed in the Management Action Plan below.

Impact on risk register

Fife College's corporate risk register (dated May 2019) included the following risks relevant to this review:

- Risk 6: Failure to develop capacity and skills mix that fits the strategy (net risk score 4).
- Risk 9: Failure to achieve cohesive culture (net risk score 6).

We have not identified any significant control weaknesses that would suggest these risks are inappropriately scored.

Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

Management Action Plan

Control Objective 1: There is a formal staff performance management framework in place that is aligned to the delivery of strategic objectives.

Yellow

1.1 Professional Development Review process

There is a Professional Development Review (PDR) form in place, last updated in January 2019, that is used to monitor and evaluate staff performance. However, there is no supporting policy or procedure that outlines the process, its purpose, key deadlines and responsibilities.

The process is currently under review as part of the introduction of a new Human Resources Information System and management intend to implement the new process for the 2019/20 PDR cycle.

Risk

The PDR process may not be utilised appropriately due to the lack of documented guidance. As a result, the staff performance management framework may not operate as effectively as intended.

Recommendation

The College should ensure the PDR process is clearly defined, documented and communicated to all staff in a timely manner, in advance of the 2019/20 cycle. The process should be subject to regular review to ensure it remains effective and fit for practice. Guidance should be provided to all staff to support appropriate completion.

Management Action

Grade 2
(Design)

The Professional Development Review (PDR) process is being updated as part of the introduction of My Fife and the implementation of a new Human Resources Information System. This will impact on the Professional Development Review policy itself which will be updated as part of the transformation programme within the Organisational Development and Human Resources function. This will ensure its currency in 2020 and beyond.

Action owner: Mark Goodall, CLPL Manager

Due date: April 2020

1.2 PDR completion rates

We deem the College’s PDR process to be well designed. However, PDR completion rates were low in 2018/19 as a result of the restructuring exercise that was on-going during the period for reviews.

Risk

There is a risk that staff performance is not effectively or efficiently managed due to a lack of compliance with set procedures.

Recommendation

The College should ensure appropriate action is taken in a timely manner to address completion issues and encourage stronger engagement with the process going forward.

Management Action

Grade 2
(Operation)

As we move to a new PDR process described above, PDR completion rates and achievement of objectives within agreed through PDR discussions will be achieved through the additional functionality within the new HRIS.

Action owner: Mark Goodall, CLPL Manager

Due date: December 2020

Control Objective 2: Training needs are monitored, documented and addressed in a timely and structured manner to ensure staff have the required skills to perform effectively in their role.



Green

No reportable weaknesses identified

Staff are given the opportunity to raise training needs as part of the annual Professional Development Review process. Linked to this, a CPD1 form must be completed, outlining the purpose and cost of the training, how it links to specific College priority outcomes, the benefits of the training and how they will share learning with others. All training requests must be approved by the relevant Director and the Career-Long Professional Learning (CLPL) Manager.

Each Faculty develops a CLPL plan setting out mandatory and desirable training sessions, as well as training raised through the Professional Development Review process. This process helps to ensure that staff are equipped with the required skills to perform effectively in their role and deliver Fife College's objectives.

Control Objective 3: The staff performance management process supports the setting of goals that align with individuals' development needs as well as the organisation's overarching objectives.



Green

No reportable weaknesses identified

The Professional Development Review policy sets out the need for staff to set clear objectives that align with development needs, the departments objectives, the College's Operational Plan and the Outcome Agreement, advising the individual to review these key documented before setting objectives.

The template PDR form (last updated in July 2019) requires staff to assess performance against last year's objectives and set objectives for the next twelve months, including a target date for completion. We reviewed PDR forms for 24 employees and confirmed that the form had been correctly completed in all cases.

Control Objective 4: The College has clearly documented its approach to absence management and appropriate processes are in place to monitor and manage this.



4.1 Following Absence Procedures

As per the College’s Staff Support Policy – Absence and Capability Management Procedures, all staff should attend a return to work meeting with their manager following each occasion of absence. Key details should be documented within the return to work form which must be submitted to HR.

We selected a sample of 11 employees who had returned from absence in 2018/19. In seven cases, we could not obtain evidence that a return to work meeting had been held.

Risk

There is a risk that the College is not effectively managing or monitoring staff absences as a result of the policy not being adhered to, leading to increased levels of staff absence.

Recommendation

Management should be reminded of the requirement to undertake and document return to work meetings. Completion levels should be monitored and appropriate action taken to address areas of non-compliance.

Management Action

Grade 2
(Operation)

The Return to Work Interview process is being reviewed along with the whole sickness absence reporting methodology as part of the introduction of My Fife and the implementation of a new Human Resources Information System. The aim of this is to ensure sickness absence reporting and follow up actions are proportionate to the circumstances and support managers to effectively manage sickness absence consistently and fairly across the College.

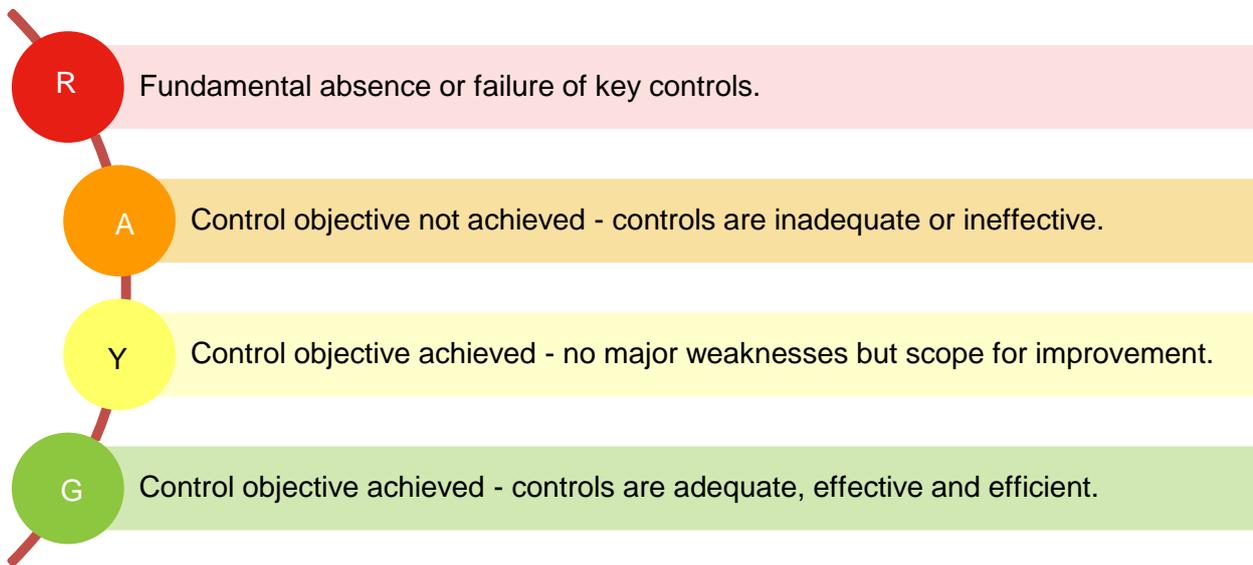
The sickness absence reporting finding has not impacted in sickness absence rates which have decreased to 3.34% in this academic year compared to 4.49% in the last with a general trend of decreasing sickness absence.

Action owner: Karen Stenhouse, OD and HR Manager

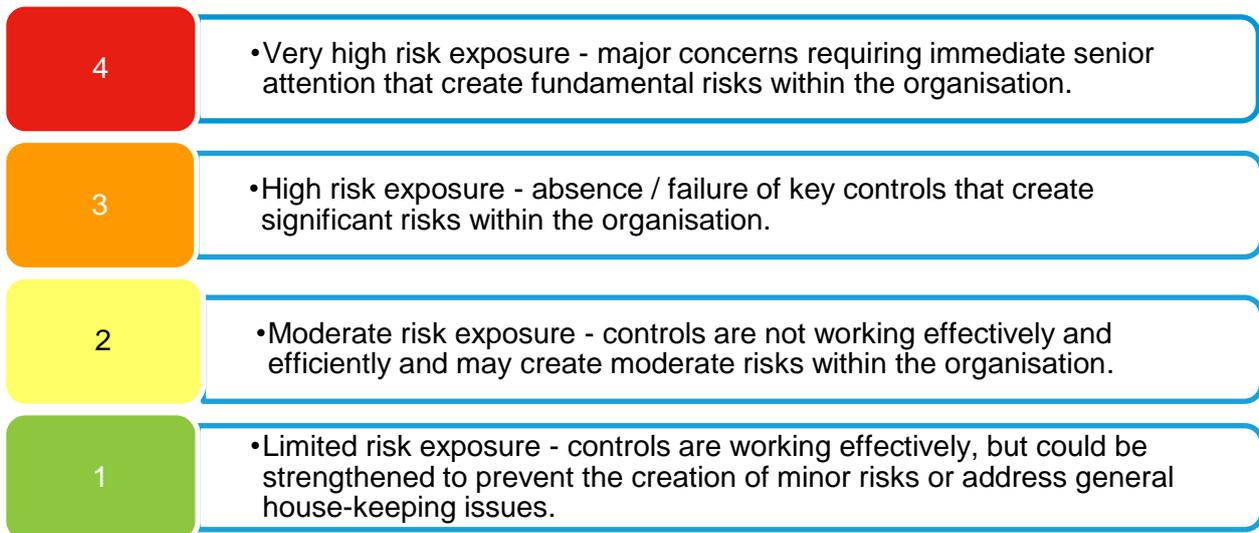
Due date: December 2020

Appendix A – Definitions

Control assessments



Management action grades





COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

| | |
|--|---|
| Audit and Risk Committee Annual Report to the Board | |
| Date of Meeting: | Thursday 21 November 2019 |
| Purpose: | To provide the Audit and Risk Committee members with the Audit and Risk Committee Annual Report to the Board in respect of financial year 2018-19. |
| Intended Outcome: | Audit and Risk Committee members are invited to approve the contents of the Audit and Risk Committee Annual Report to the Board in respect of financial year 2018-19. |
| Paper Submitted by: | Susan Dunsmuir, Chief Financial Officer |
| Prior Committee Approvals: | Audit and Risk Committee |
| Financial Implications: | N/A |
| Equality and Diversity Implications: | N/A |
| Risks Assessed: | N/A |
| Publicly Available: | No |
| Author Contact Details: | Susan Dunsmuir (susandunsmuir@fife.ac.uk) 01383 845243 |
| Date of Production: | 12 November 2019 |



Audit and Risk Committee: Annual Report to the Board of Governors

In respect of financial year 2018-19
To be presented to the Board of Governors on 11 December 2019

Contents

Report to the Board of Governors

Appendices

- 1 Audit and Risk Committee Remit
- 2 Internal Audit Schedule 2018-19
- 3 Internal Audit Annual Report to the Audit and Risk Committee (Scott-Moncrieff) – Approved at meeting on 12 September 2019.
- 4 External Audit Annual Report to the Board of Governors and the Auditor General for Scotland (Ernst & Young) – see item 3 of the joint Audit and Risk Committee / Finance, Commercial and Estates Committee papers

2018-19 Annual Report from the Audit and Risk Committee to the Board of Governors

1 Introduction

The Scottish Funding Council Financial Memorandum and the Scottish Public Finance Manual requires the Audit and Risk Committee to produce a report to the Board of Governors primarily to provide an assessment on the adequacy and effectiveness of the College's internal control system.

This report covers the activities of the Audit and Risk Committee of Fife College over the year to 31 July 2019.

2 Audit and Risk Committee

2.1 Membership and Attendance

The Audit and Risk Committee membership and attendance for 2018-19 was as follows:

| Name | Status | Appointed | Attendance | |
|------------|--|-----------|------------|--------|
| | | | Possible | Actual |
| B Black | Chair: Audit and Risk Committee (until 06.06.19) Non-Executive Member | 10.03.14 | 4 | 4 |
| T Martin | Non-Executive Member | 01.10.16 | 4 | 4 |
| S Mitchell | Non-Executive Member (Chair: Audit and Risk Committee wef 06.06.19) | 01.11.18 | 3 | 3 |
| B Poole | Non-Executive Member | 01.08.13 | 3 | 4 |
| R Taylor | Non-Executive Member | 01.04.16 | 3 | 4 |
| B Thomson | Non-Executive Member | 31.07.18 | 2 | 2 |

The following were in regular attendance at the Committee meetings:

- Hugh Hall (Principal and Chief Executive)
- Susan Dunsmuir (Chief Financial Officer)
- Marianne Philp (Director: Governance and Compliance)

2.2 Meetings

Audit and Risk Committee meetings were held on the following dates:

- 13 September 2018
- 29 November 2018
- 14 March 2019
- 6 June 2019

Additionally, a joint meeting of the Audit and Risk Committee and Finance, Commercial and Estates Committee was held on 29 November 2018 to approve the Annual Report and Accounts for the Board of Governor's consideration for the year ended 31 July 2018.

2.3 Audit and Risk Committee Remit

The Audit and Risk Committee remit applicable during the period is attached for information purposes at Appendix 1. The remit is considered annually by the Committee and any required changes are submitted to the Board of Governors for approval.

The Audit and Risk Committee meet primarily to consider the:

- Internal auditor annual audit plan
- Internal auditor annual report
- Individual internal audit reports
- Annual accounts
- External auditor annual report
- Strategic risk management

The Audit and Risk Committee also advises the Board of Governors on its compliance with corporate governance requirements and good practice guidance.

The Audit and Risk Committee is responsible for the establishment and overseeing of a review process for evaluating the effectiveness of the College's arrangements for securing the economical, efficient and effective management of the College's resources and the promotion of best practice and reporting the findings to the Board of Governors.

2.4 Effectiveness of the Audit and Risk Committee

In accordance with the Code of Good Governance for Scotland's Colleges, the Audit and Risk Committee reviewed their effectiveness by undertaking a self-assessment exercise in June 2019.

The key findings confirmed that the members were satisfied with the operation and effectiveness of the Committee, and the level of information and quality of reports provided in support of agenda items.

These reviews of effectiveness are undertaken on an annual basis.

3 Internal Audit

3.1 Internal Audit Service Provider

BDO were appointed as the College's Internal Auditors between 2014 and 2018. BDO's contract for Internal Audit Services ended in July 2018. Following a tender exercise, Scott-Moncrieff were appointed as the new internal auditors for Fife College. Their internal audit plan for the next 3 years was agreed at the Audit and Risk Committee in September 2018. Scott-Moncrieff engaged with the Executive Team members to inform their compilation of the internal audit programme. They also used the College's Strategic Plan and Strategic Risk Register to identify areas of priority for the internal audit programme.

The outgoing auditors BDO attended their last meeting as a handover in September 2018. The new internal auditors, Scott-Moncrieff, attended all Committee meetings during 2018-19 with this representing their first year of appointment.

3.2 Internal Audit Plan

During the September 2018 meeting, Scott-Moncrieff presented a three year Internal Audit Plan covering the period from 2018-19 to 2020-21. The plan was based upon a process and risk analysis exercise carried out by Scott-Moncrieff, and aims to provide the Board of Governors with the assurance on the effective management of the College's key risks. The plan therefore covers the full range of systems within the College, not just the financial systems.

The Internal Audit Plan was approved by the Audit and Risk Committee at the September 2018 meeting subject to incorporating the suggestions made by the Committee members. Following approval, minor changes were made to the audits planned for 2019-20, therefore an updated version of the 2019-20 Internal Audit Plan was presented to, and approved by, the Audit and Risk Committee at the meeting in June 2019.

3.3 Internal Audit Reviews

Appendix 2 contains a table of the internal audit reports presented by Scott-Moncrieff during the year to 31 July 2019. The Audit and Risk Committee has reviewed the key findings of the internal audit reports and considered the recommendations and findings contained therein.

Within the Internal Audit Annual Report for 2018-19, Scott-Moncrieff state that:

“In our opinion, Fife College has a framework of internal controls in place that provides reasonable assurance regarding the organisation's governance, risk management, achievement of objectives and value for money.”

A summary of reports by control objective and action grade from the work undertaken in the period ended 31 July 2019 are shown on page 5 of Appendix 3.

3.4 Monitoring of Recommendations

The Audit and Risk Committee, through the Internal Audit Actions Exceptions Report, reviews the progress made by the College in addressing the recommendations made by the internal auditors. This systematic approach, which is monitored at each Committee meeting, ensures timely closure of recommendations, which is key in maintaining internal control of identified risks. The Committee also reviews and monitors the College management of risk throughout the year and sees this as an essential requirement in providing assurance on audit activity to the Board of Governors.

The introduction of an electronic register of internal audit recommendations enables the status of the audit recommendations to be updated on a real-time basis with the relevant staff now uploading audit evidence directly to the electronic system. This enables the auditors to monitor progress on an ongoing basis via the electronic portal and report on the status of all recommendations on an ongoing basis. The process allows the internal auditors to recommend to the Committee the removal of recommendations during the year rather than waiting to carry out an annual follow-up review at the year end. External audit also review the recommendations made in the prior year external audit report and confirm that these have been addressed.

3.5 Effectiveness Review

Following a review in June 2019 the Committee was satisfied as to the effectiveness of the work carried out by Scott-Moncrieff and also with their general performance during the period.

3.6 Closed Meeting

The Committee met in closed session with Scott-Moncrieff at the November 2018 meeting. This is considered to be good practice. There were no issues to be reported to the Board following this meeting. The annual closed meeting for 2018-19 will be held on 21 November 2019.

4 External Audit

4.1 External Audit Service Provider

Ernst & Young LLP were appointed as Fife College's external auditors by Audit Scotland for a five year period and the first audit of their appointment was the 2016-17 annual accounts. Ernst & Young have attended three meetings throughout the year as the business of the Committee required.

4.2 External Audit Plan

During the June 2019 meeting, Ernst & Young LLP presented their Annual Audit Plan and fee for the Audit Services for the year ended 31 July 2019.

The External Audit Plan and fee was approved by the Audit and Risk Committee at the June 2019 meeting.

4.3 Annual Audit Report

Ernst & Young LLP presented their draft Annual Report to the Board of Governors and the Auditor General for Scotland on the External Audit for the year ending 31 July 2019 to the joint Audit and Risk Committee and Finance, Commercial and Estates Committee meeting on 21 November 2019. Their external audit annual report had an unqualified audit opinion in regard to the financial statements for the year to 31 July 2019.

The draft Annual Audit Report is attached as Appendix 4. Ernst & Young LLP concluded with 2 recommendations to which there are management responses. The College does not foresee any problems regarding the issues raised.

4.4 Fees

The external audit fee basis relates to a fee range prescribed by Audit Scotland to cover the scope of audit required to meet their Code of Audit Practice. The cost of providing the external audit service to the Board of Governors for the year to 31 July 2019 was £34,000.

4.5 Effectiveness Review

Following a review in June 2019 the Committee was satisfied as to the effectiveness of the work carried out by Ernst & Young LLP and also with their general performance during the period.

4.6 Closed Meeting

The Audit and Risk Committee met in closed session with Scott-Moncrieff and Ernst & Young LLP at the November 2018 meeting. This is considered to be good practice. Both sets of auditors confirmed that the information provided to them by the College had allowed them to reach their opinions with confidence. Both audit firms were of the opinion that the Executive Team at Fife College worked together well, and were diligent and professional and that there were no relationship issues to report. The annual closed meeting for 2018-19 will be held on 21 November 2019.

5 Value for Money

Within the external audit plan, Ernst & Young LLP identified value for money as a wider scope focus area that would be considered and reviewed as part of this year's external audit.

This considers whether value for money can be demonstrated in the use of resources. This includes the extent to which there is an alignment between spend, outputs and outcomes delivered and that there is a clear focus on improvement. As part of the external audit, Ernst & Young LLP considered the following under the value for money focus area:

- The quality and frequency of progress reporting against the Strategic Plan to ensure that the College can deliver improved outcomes;
- The College has visible performance reporting against measurable and relevant indicators, and that performance reporting is transparent, including publication on the College's website; and
- The College has arrangements to ensure value for money through the use of public funds, including a robust procurement framework that is used by all employees and is subject to regular scrutiny, and a robust governance process for the approval of exit arrangements.

Following a review of the above, Ernst & Young LLP concluded that:

- The College Board has considered regular updates against the Strategic Plan;
- Performance has improved against the majority of the College's KPIs during 2018-19;
- The most recent student survey shows a significant increase both in response rate and in satisfaction levels, during a period of financial challenge and restraint; and
- While performance against the rest of the Scottish college sector remains mixed, key improvements have been sustained since 2016/17.

6 Institutional Efficiency

Scottish Ministers expect every public body to deliver efficiency savings of at least 3% in each year of the spending review and to report publicly on the actions taken and the results achieved. The Audit and Risk Committee were presented with the College's completed institutional efficiency return for 2017-18 at the meeting on 12 September 2019. The return confirmed that Fife College had maintained a 3% efficiency saving for 2017-18.

7 Annual Review of Internal Control and Risk Management

7.1 Internal and External Auditors

The Audit and Risk Committee received assurance on the College's control systems through internal and external auditors. The following reports have been considered by the Committee in the current year:

- Internal Audit Reports have been reviewed by the Committee and these are outlined in Appendix 2;
- The Annual Internal Audit Report 2018-19 confirmed that the auditors were satisfied with the control framework in place;
- SFC Aggregated Student Support Funds and EMA (Educational Maintenance Allowance) Audit 2018-19 confirmed that the College systems of control were adequate;
- Student Credit Audit 2018-19 confirmed that the College procedures were adequate to ensure the accurate collection and recording of the data;
- Audit and Risk Committee members had the opportunity to meet in closed session with both sets of appointed auditors during 2018-19, enabling the auditors to raise any matters with members without the College management present;
- The Financial Statements Management letter for 2018-19 was unqualified and the auditors have made 2 recommendations in relation to the internal controls operated by the College;
- The review of the 2018-19 Report and Financial Statements highlighted no significant issues arose during the review of the 2018-19 Report and Financial Statement; and
- A report on the implementation and outcomes from the College participation in the 2018-19 National Fraud Initiative.

7.2 Annual Update Reports

As part of the Whistleblowing Policy, a register of allegations made under the Public Interest Disclosure Act (PIDA) is kept and reviewed on an annual basis by the Audit and Risk Committee. During 2018-19, no entries were made in the Register of PIDA Allegations.

As part of the Fraud Prevention and Response Plan, a register of losses is kept and reviewed on an annual basis by the Audit and Risk Committee. During 2018-19, no losses were recorded under the Fraud Prevention Policy and Response Plan.

7.3 Compliance with Corporate Governance Requirements

The Board of Governors undertook the annual review of its effectiveness in June 2019. The key findings confirmed that the members were satisfied with the operation and effectiveness of the Committee, and the level of information and quality of reports provided in support of agenda items.

These reviews of effectiveness are undertaken on an annual basis.

Saltire Business Solutions undertook an external effectiveness review of the Board in 2017, and their report had been approved by the Board in March 2017. The feedback obtained was positive and highlighted areas of good practice as well as identifying areas where improvements could be made. The Board approved the

report at its March 2017 meeting and, in line with the Code of Good Governance, forwarded this report to SFC. The recommendations for improvement contained within the report have been incorporated into the Board Development Action Plan. Both the Annual Effectiveness Review Report and the Board Development Action Plan have been published on the College website at the following link: <https://www.fife.ac.uk/about-us/board-of-management-and-governance/code-of-good-governance-for-scotland-s-colleges/> A further external effectiveness review will take place in accordance with the timescales set out in the Code of Good Governance for Scotland's Colleges.

7.4 Risk Management

Fife College has a Risk Management Policy in place which aims to create robust structures, systems and processes that will minimise or eliminate risks where possible.

The 2018-19 Strategic Risk Register, which identified risks facing the College with action plans to manage and minimise risk, was presented to the Audit and Risk Committee for approval at the meeting in September 2018. Following careful consideration, the Audit and Risk Committee agreed to recommend the approval of the Strategic Risk Register to the Board of Governors. The 2018-19 Strategic Risk Register was presented to, and approved by, the Board of Governors at the meeting in October 2018.

The Strategic Risk Register is monitored and reviewed on a quarterly basis by the Executive Team, in order to give assurances to the Board of Governors, via the Audit and Risk Committee, that the risks are being appropriately controlled by Management. During 2018-19, the Audit and Risk Committee received quarterly reports from the Executive Team giving an update on the key risks and detailing any proposed changes to the Register. Any proposed changes to the Risk Register were highlighted and discussed by the Audit and Risk Committee before being finalised.

The College's Risk Management Policy continues to be developed in order to embed the process of risk management within the College. During 2018-19 a number of actions were taken including:

- Risk Management Workshop held on 20 February 2019 for all staff with risk management responsibilities;
- Risk Management is actively overseen by the Executive Team and continues to be discussed at quarterly Executive Team meetings;
- The Strategic Risk Register is considered at all Audit and Risk Committee meetings;
- The operational planning process has been updated to include consideration of risk and mitigations, with each departmental operational plan containing a departmental risk register;
- As and when staff have been appointed, relevant training in budgetary reporting, financial regulations, costing and pricing, procurement and risk management have been provided.
- The Planning and Performance Team, created in April 2018, continue to co-ordinate and support the planning and implementation of the College's planning, project management, business process improvement and audit and risk management processes.

8 Committee Opinion

The role of the Audit and Risk Committee is to support the Board of Governors in its responsibilities of risk, control and governance by reviewing the comprehensiveness of assurance in meeting the assurance needs of the Board, and by reviewing the reliability and integrity of these assurances through a process of constructive challenge.

Based on the assessments and reports provided by the internal/external auditors and the College management, the Audit and Risk Committee is satisfied that systems of control are adequate and effective and that no significant failings or weaknesses have been identified.

The Committee is satisfied that the Board of Governors' responsibilities as described in the Code of Good Governance for Scotland's Colleges have been satisfied.

AUDIT AND RISK COMMITTEE

21 November 2019



BOARD OF GOVERNORS

Remit of Audit and Risk Committee

1.0 Composition

The Audit and Risk Committee will have a minimum of four members of the Board.

For a meeting to be quorate, at least three members must be present.

The Committee should have a range of skills and experience and at least one member must have recent relevant financial or audit experience.

The Principal and other members of staff may be invited to attend all or part of a meeting where items of relevance are on the agenda, with the prior agreement of the Committee Chair and the Principal. The Chair of the Board may attend or be invited to attend meetings as an ex officio member of the Committee. The College's appointed internal and external auditors will be invited to send representatives to each meeting.

Members of the Finance, Commercial and Estates Committee, the staff nominees or anyone with executive authority in the college may not be members of the Audit and Risk Committee.

The Committee should normally meet four times per year, one of which must be to consider the annual financial statements and accompanying external audit report. The Committee will annually hold a private meeting (without College executives present) with internal and external auditors to discuss audit issues. Audit and Risk Committee Members or the internal or external auditors may request an additional private meeting at any time should there be issues that require to be discussed.

2.0 Overall Purpose

The purpose of the Audit and Risk Committee is to assure the Board of Governors that Fife College has in place a system of governance, internal control and risk management which is being maintained and developed to meet legislation and regulations applying to the sector. The Committee must support the Board and the Principal by reviewing the comprehensiveness, reliability and integrity of assurances: the College's governance, risk management and internal control framework.



3.0 Remit and Duties

3.1 Probity

- Advise on the selection, appointment and remuneration of the internal audit service
- Agree an internal audit work programme annually based on an audit needs assessment
- Receive the internal audit reports as per the agreed work programme and ensure that recommendations are adequately responded to by the college
- Receive an annual report from the internal auditor which should include an opinion on the degree of assurance that can be placed on the systems of internal control and any follow-up actions still outstanding which should be closed off by the College
- Review the annual financial statements with a view to recommending them to the Board for approval
- Receive the external auditor annual report and management letters and to ensure that any recommendations are adequately responded to by the College
- Monitor the effectiveness of internal and external audit service and promote co-ordination between the two
- Review the effectiveness of financial and other control systems ensuring value for money
- Oversee the policies on fraud and irregularity and receive reports on any fraud or irregularity, potential or real, ensuring that action is taken by the College to address these
- Receive an annual report on any matters of whistleblowing or disclosure and ensure that any recommendations from these are adequately responded to by the College

3.2 Risk Management

- Monitor and ensure the effectiveness of the College's approach to risk assessment and management through regular review of the Risk Register and other reports
- Review the prioritisation of risk management taking into account financial, reputational, commercial and other risks
- Request reviews by the College of areas of high or escalating risk ensuring that recommendations from these are adequately responded to
- Receive ad-hoc reports on matters of potential reputational, commercial and/or financial risk and ensure that the College's approach to managing the risks is appropriate and adequate
- Undertake an annual review of the risk management policy



3.3 Performance

- Scrutinise the organisational performance management, business continuity and governance processes to ensure their appropriateness and effectiveness
- Undertake a self-evaluation exercise annually to ensure that the Audit and Risk Committee complies with best practice in relation to governance and that the internal and external audit service is satisfactory
- In accordance with the Scottish Funding Council Code of Audit Practice, provide an annual report to the Board on the adequacy and effectiveness of the College's internal control systems and on the effectiveness of the work of the internal and external auditors

3.4 Other Matters

- Receive and review reports related to the work of the Committee prepared by external bodies

3.5 Reports from the Committee

- Report to each Board meeting relevant matters discussed within the Committee
- Prepare an annual report to the Board that gives an opinion on the system of governance, internal control and risk management within the College
- Report to the relevant Committee of the Board matters that impact on their remit

FIFE COLLEGE**Internal Audit Reports 2018-19**

| Ref and Name of Report | Audit Sponsor | Status | Quarter | Planned Audit & Risk Committee | Actual Audit & Risk Committee |
|--|--|---------------|----------------|---|--|
| A1. Non-SFC Income | Chief Financial Officer / Director: Business Development | Complete | Q2 | 14 Mar 19 | 14 Mar 19 |
| B4. Performance Management - Curriculum | Vice Principal Academic Strategy | Complete | Q3 | 6 June 19 | 6 June 19 |
| B5. Risk Workshop | N/A - This workshop was delivered to staff on Wednesday 20 February 2019. | | | | |
| C3. Student Marketing | Chief Operating Officer / Director: Marketing | Complete | Q3 | 6 June 19 | 6 June 19 |
| C4. Student Enrolment and Induction | Vice Principal Academic Strategy / Director: Planning & Performance | Complete | Q3 | 6 June 19 | 6 June 19 |
| C5. Strategy for Schools Course Provision | Vice Principal Academic Strategy / Assistant Principal Academic Quality and Partnerships | Complete | Q3 | 6 June 19 | 6 June 19 |
| C6. Scottish Prison Service Contract | Chief Operating Officer / Director: Learning and Skills | Complete | Q2 | 14 Mar 19 | 14 Mar 19 |
| E2. Credits, Student Funds and EMA 2017-18 | Chief Financial Officer / Director: Planning & Performance | Complete | Q1 | 29 Nov 18 | 29 Nov 18 |
| Annual Report | N/A | Complete | N/A | 12 Sept 19 | 12 Sept 19 |



COVER SHEET FOR PAPERS TO BE CONSIDERED BY THE BOARD

| | |
|---|--|
| Strategic Risk Register 2019-20 | |
| Date of Meeting: | Thursday 21 November 2019 |
| Purpose: | To present to the Audit and Risk Committee the updated Strategic Risk Register 2019-20. |
| Intended Outcome: | Audit and Risk Committee members are invited to review the controls in place for the top risks and give assurance to the Board of Governors that the risks are being appropriately controlled by management. |
| Paper Submitted by: | Susan Dunsmuir, Chief Financial Officer |
| Prior Committee Approvals: | N/A |
| Financial Implications: | N/A |
| Equality and Diversity Implications: | N/A |
| Risks Assessed: | N/A |
| Publicly Available: | Yes |
| Author Contact Details: | Susan Dunsmuir (susandunsmuir@fife.ac.uk) 01383 845 243 |
| Date of Production: | 8 November 2019 |

BOARD OF GOVERNORS OF FIFE COLLEGE

Audit and Risk Committee

Strategic Risk Register 2019-20

1 Introduction

The Strategic Risk Register is required to be monitored and reviewed on a quarterly basis by the Executive Team, in order to give assurances to the Board of Governors, via the Audit and Risk Committee, that the risks are being appropriately controlled by Management.

2 Considerations of Executive Team

A review of the Strategic Risk Register has been carried out to reflect the situation as at Quarter 2 (November 2019 – January 2020) and an updated version of the overall Risk Register has been included within this paper (Appendix 1). The summary below details those risks where significant changes have been made, however all individual risk sheets, including those where minor or no changes have been made, can be accessed via the following link: [Risk and Opportunities Register 2018-19](#).

The Executive Team considers the Strategic Risk Register to be a live document, therefore will continue to review and update the risks each quarter to reflect the current position. Regular updates will continue to be provided to the Audit and Risk Committee and Board of Governors where appropriate.

The following changes have been made to the Strategic Risk Register:

Risk 1 – Failure to implement effective financial planning and control regarding estates and deliver outcomes for the College.

Without any control measures in place the impact of this risk has changed from 4 to 3, decreasing the overall total risk score to 12 and resulting in the gross risk status remaining high. The Chief Operating Officer felt that, on reflection, the impact of this risk was not as significant as first thought therefore reduced the scoring to reflect this.

Risk 11 – Failure to take steps to maintain reliable IT infrastructure and to protect systems from attacks and misuse, possibly remotely over the internet. Steps may be technical or procedural in nature. Technical steps more easily addressed than procedural steps which require buy in from staff and learners across the College.

Without any control measures in place the likelihood of this risk has changed from 3 to 4, increasing the overall total risk score to 20 and resulting in the gross risk status changing to severe. This change was made to reflect increased activity targeting the College.

Risk 12 – Failure to fully comply with statutory or regulatory requirements

The description for this risk previously read as above, however following discussions at the Board of Governors meeting on 23 October 2019 it was felt that the true risk to the College was not failing to comply with statutory regulatory requirements but more leading to a serious breach therefore it has been proposed that the description of this risk be updated to reflect this. The revised description for risk 12 now reads as follows:

“Failure to fully comply with statutory or regulatory requirements leading to a significant breach of legislation.”

The possible consequences section has been updated to reflect additional areas of compliance i.e. Children and Young People (Scotland) Act 2014, Bribery Act 2010, Counter Terrorist and Security Act 2005 etc.

An update on some of the control measures put in place to reduce the likelihood and impact of the risk was noted. This included additional mandatory training for all staff on key subject areas i.e. Corporate Parenting and Cyber Security etc., PREVENT strategy being included within the Safeguarding Policy and deployment of accessibility tool on the new College website and 365 platform via i-learn to meet the needs of customers and students.

With these additional control measures in place, the net risk likelihood and impact scores have decreased, reducing the overall net risk score from 15 to 8 and the overall status from high to moderate.

Risk 13 – Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College.

Without any control measures in place the impact of this risk has changed from 4 to 5, increasing the overall total risk score to 10 and resulting in the gross risk status changing to high. The previous score was based on the College not yet having received confirmation of funding for the new campus. Now that the College has secured funding the focus is now on planning and developing the new campus therefore the change in scoring has been made to reflect this new focus.

3 Recommendation

The Strategic Risk Register has been updated based upon the above and is presented to the Audit and Risk Committee for approval. The Audit and Risk Committee is asked to consider the following:

- The risks included in the register
- The revised gross risk scores of risks 1, 11 and 13
- The change to, and revised risk rating, of risk 12
- Whether any other risks should be considered for removal; and
- Whether any new risks should be considered for inclusion.

Audit and Risk Committee members are invited to review the controls in place for the top risks and give assurance to the Board of Governors that the risks are being appropriately controlled by management.

| RISKS 2019-20 | | | | | | | RISK MANAGEMENT | | | | | ACCOUNTABILITY | | | | | |
|----------------|-----------------------------------|--|-----------------------|------------|------------------|------------|---|------------------|---------------------|------------|----------------|----------------|--|------------------------|--|--|-------------|
| RISK REFERENCE | STRATEGIC OBJECTIVE | RISK DESCRIPTION | GROSS IMPACT ANALYSIS | | | | CURRENT RISK MANAGEMENT STRATEGY (what already happens now) | Strength (S,M,W) | NET IMPACT ANALYSIS | | | Net Risk | Further Action Required | Risk Owner & Timetable | Assurances Available | Changes processed since last risk register | Risk Status |
| | | | Impact | Likelihood | Gross Risk Score | Gross Risk | | | Impact | Likelihood | Net Risk Score | | | | | | |
| 1 | Estates | Failure to implement effective financial planning and control regarding estates and deliver outcomes for the College | 3 | 4 | 12 | High | Implement existing Estates Strategy, reviewed December 2017. Rationalise and maintain existing estate. Budgeting and longer term financial planning to identify and accumulate resources for estate realisation. In light of changes in the New Build Project continued dialogue with SFC to obtain additional longer term maintenance funding for Fife estate, ensuring the correct condition survey information is used as a basis for the SFC funding allocations. | S | 3 | 3 | 9 | Moderate | Refresh of Estates Strategy review to be completed by December 2019. To continue to lobby SFC for additional backlog maintenance funding. Funding received for 2019-20. Funding proposal to improve Glenrothes campus to be submitted early 2020. | S Reekie | RPH sold. Vacating Rosyth being progressed. | | → |
| 2 | Finance | Failure to achieve annual financial targets in line with the five year financial forecast plan. | 4 | 3 | 12 | High | Review of cost base to align rising costs and real time funding cuts as indicated within SFC funding assumptions and SG sector draft budget. Rigorous budgeting and ongoing reporting against budget. Ongoing drive for efficiencies and realisation of "invest to save". Effective planning and recruitment processes. Ensure SFC and SG are aware that any additional costs incurred to progress the New Build Project will require to be fund from SFC/SG. | M | 3 | 3 | 9 | Moderate | Continuing review of processes and systems for further efficiencies. Updated 5 year FFR underway was submitted to SFC on the 27th of September 2019. Continue to lobby SFC on additional pension costs after March 2020. Ensure as part of the New Build business case completion the College Finance team play a key role in reviewing the financing arrangements of the project costs and the ongoing financing model for the build once complete. | S Dunsmuir | Monthly budget/performance meetings. | | → |
| 3 | Curriculum Design and Development | Failure to make use of current and emerging technology and to be in a position to continuously enhance digital capability to enhance teaching modes in the way learners and all stakeholders expect. | 4 | 3 | 12 | High | Enhancement of Digital Capability through targeted investment in physical and human resources | M | 3 | 3 | 9 | Moderate | Creation of longer-term strategy. A digital investment request process/Digital Strategy Group has been implemented to facilitate discussions between digital services and staff requiring ICT equipment. Investment in Learning, Teaching & Quality Enhancement, including review of roles and responsibilities. Agree financial flexibility for variation / replacement of equipment. | D Leslie | Student and external Stakeholders feedback. | | → |
| 4 | Health and Safety | Failure to focus on wider wellbeing of staff and students. | 4 | 3 | 12 | High | Ongoing engagement with staff and student body. Always giving Health & Safety agenda priority. | S | 3 | 2 | 6 | Moderate | Improved uptake of Near Miss reporting. Review Health & Safety Committee Structure. Roll out of Workshop PPE Signage. External H&S audit now completed with recommendations from the audit now being implemented. | S Reekie | Continuing safety inspections. Involvement of student representatives on Health and Safety and Wellbeing Action Group. | | → |

| RISKS 2019-20 | | | | | | | RISK MANAGEMENT | | | | | ACCOUNTABILITY | | | | | |
|----------------|-----------------------------------|--|-----------------------|------------|------------------|------------|--|------------------|---------------------|------------|----------------|----------------|---|------------------------|---|--|-------------|
| RISK REFERENCE | STRATEGIC OBJECTIVE | RISK DESCRIPTION | GROSS IMPACT ANALYSIS | | | | CURRENT RISK MANAGEMENT STRATEGY (what already happens now) | Strength (S,M,W) | NET IMPACT ANALYSIS | | | Net Risk | Further Action Required | Risk Owner & Timetable | Assurances Available | Changes processed since last risk register | Risk Status |
| | | | Impact | Likelihood | Gross Risk Score | Gross Risk | | | Impact | Likelihood | Net Risk Score | | | | | | |
| 5 | Curriculum Design and Development | Failure to achieve student recruitment targets across GIA and Non-GIA income activity and to deliver relevant, inclusive and sustainable regional curriculum, including ensuring successful outcomes for all students. | 4 | 3 | 12 | High | Robust curriculum planning and cross reference to Outcome Agreement. Equal priority given to GIA and commercial income. Effective strategic collaboration with partner organisations. Realistic target setting and constant monitoring of recruitment against target. Integration of full cost and GIA activity with alignment of curriculum offering. | M | 3 | 3 | 9 | Moderate | Strategic curriculum planning tied to Regional Outcome Agreement. Duplicate facilities / establish strict sharing arrangements, including with external partners. Include flexibility in design to allow for variety of flexible learning and training spaces. Effective planning and recruitment processes. Integrated marketing plans with curriculum and business development teams. | D Leslie | Student and external Stakeholders feedback | | → |
| 6 | Staff | Failure to develop capacity and skills mix that fits the strategy. | 4 | 3 | 12 | High | Curriculum planning cross referenced to staffing and estates requirements. | M | 2 | 2 | 4 | Low | Refocus of CLPL through the introduction of a CLPL Team responsible for this activity for all staff. | Z Franklin-Hills | Annual PDR process in place with a refreshed on line version to be introduced. Workforce plan in draft for ET and Board approval based on the Fair Work Convention. | | → |
| 7 | Finance | Risk of external political/funding/regulatory changes. | 4 | 4 | 16 | High | Remain abreast of sectoral/governmental developments, liaison with auditors and response to SFC circulars. Remain abreast with developments on the New Build campus funding model and financing arrangements agreed with SFC/SG. | M | 3 | 3 | 9 | Moderate | Maintain a flexible compliant approach to planning. To maintain ongoing dialogue with SFC/Estates Project Team. | S Dunsmuir | Maintain ongoing dialogue with SFC/auditors/Finance Community of Practice. | | → |
| 8 | Commercial Income | Risk that we fail to achieve and grow commercial income in line with the five year financial forecast plans. | 4 | 4 | 16 | High | Monitor complete curriculum offering. Constant review of KPI's. Ensure estates team are kept abreast with estates related enhancements/changes required to support delivery. Monitor complete curriculum offering. Constant review of KPI's. | M | 3 | 3 | 9 | Moderate | Integration of full cost and GIA activity. Creation of sales plans per faculty area directing focus on target markets. | S Dunsmuir | Targets achieved. | | → |
| 9 | Staff | Failure to achieve cohesive culture. | 4 | 4 | 16 | High | Development of culture through the refreshed vision and values and adhering to the Fair Work Convention | M | 2 | 3 | 6 | Moderate | Continue to improve communications and undertake a second staff survey. | Z Franklin-Hills | Effective consultation and negotiation with the recognised Trade Unions. | | → |
| 10 | Curriculum Design and Development | Failure to achieve positive transitions for students and to create attractive and motivating learning environment for progressive learner journey. | 4 | 3 | 12 | High | Maintain a relevant and future focused regional curriculum based on up to date LMI and active, collegiate relationships with partner organisations. | M | 3 | 3 | 9 | Moderate | Further develop efficient and effective curriculum pathways. Introduce flexibility in building design to support variety of learning and teaching contexts and approaches to increase accessibility. | D Leslie | External stakeholders feedback. | | → |

| RISKS 2019-20 | | | | | | | RISK MANAGEMENT | | | | | ACCOUNTABILITY | | | | | |
|----------------|------------------------|--|-----------------------|------------|------------------|------------|---|------------------|---------------------|------------|----------------|----------------|---|--|---|--|-------------|
| RISK REFERENCE | STRATEGIC OBJECTIVE | RISK DESCRIPTION | GROSS IMPACT ANALYSIS | | | | CURRENT RISK MANAGEMENT STRATEGY (what already happens now) | Strength (S,M,W) | NET IMPACT ANALYSIS | | | Net Risk | Further Action Required | Risk Owner & Timetable | Assurances Available | Changes processed since last risk register | Risk Status |
| | | | Impact | Likelihood | Gross Risk Score | Gross Risk | | | Impact | Likelihood | Net Risk Score | | | | | | |
| 11 | Information Technology | Failure to take steps to maintain reliable IT infrastructure and to protect systems from attacks and misuse, possibly remotely over the internet. Steps may be technical or procedural in nature. Technical steps more easily addressed than procedural steps which require buy in from staff and learners across the College. | 5 | 4 | 20 | Severe | Digital Strategy specifically highlights Cyber Resilience and Digital Capabilities. Accordingly a programme of outreach to staff and learners is in place to highlight risks and train staff to minimise their exposure. Technical measures are a core part of the Infrastructure Team's remit and ongoing monitoring activities are in place to identify and respond to incidents when they are detected. | M | 3 | 2 | 6 | Moderate | New post is in place to develop and implement college-wide initiatives relating to Cyber Resilience and Cyber Security, including awareness raising and training initiatives. These will be backed by KPIs identifying completion rates and the incidence of cyber breaches. Development of playbooks / response plans to cover common Cyber or IT incidents are dealt with correctly | K Getchell | Targets achieved. | | → |
| 12 | Governance | Failure to fully comply with statutory or regulatory requirements leading to a significant breach of legislation. | 5 | 5 | 25 | Severe | Mandatory Training in place for all staff, relevant policies and procedures in place with updates communicated with staff regularly. CPD and staff workshops. Access by key staff to seek advice as required (eg College solicitors, insurers, police, H&S Executive, Scottish Information Commissioner's Office, Information Commissioner's Office, UK Visa and Immigration Office) | M | 4 | 2 | 8 | Moderate | Regular H&S and DP audits and briefings to be undertaken. Ongoing reviews of policies, procedures and arrangements to ensure compliance / learn from experiences/good practice. Publish initial Accessibility Statement on College website by September 2020. | Executive Team (S Reekie, D Leslie, S Dunsmuir, K Getchell, M Philp) | Main policies and procedures approved. Agreements re data sharing/processing being put in place. Internal Audits cover all key areas of strategic risk on a rolling basis | | ↘ |
| 13 | Estates | Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College. | 5 | 2 | 10 | High | Progress New Halbeath Campus as part of Integrated Campus with Fife Council/University. | M | 3 | 2 | 6 | Moderate | Capital grant funding for new Dunfermline Campus agreed, subject to successful delivery of outline business cast followed by full business cast. Project team being established. Update to Deputy First Minister is due by end of 2019. | S Reekie | Integrated Campus Masterplan commenced. Governance model with all stakeholders put in place. | | → |